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How Big Data Will Disrupt the \$9 Billion Music Publishing Rights Business

Article

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Steve Rosenbush
Deputy Editor

Even successful songwriters experience their share of professional frustration, and so it was for Scott Schreer. In his view, understanding and monitoring the royalties for his compositions—which included the music for the “[Have a Coke and a Smile](#)” TV commercials, penned when he was 25—was an impossible challenge. Like most songwriters worldwide, he depended upon performing rights organizations such as ASCAP and BMI in the U.S. to negotiate and collect royalties for the performance of his work in TV productions and other public venues.

Schreer—whose many writing credits include the themes from NFL on Fox, and the series *Hope & Faith*—says there was no easy way to understand how his next royalty check would be calculated or when it would arrive. And he suspected that many of the performances went unreported. “The process has been done much the same way for the last 75 to 100 years, and it is riddled with inaccuracies,” says Schreer.



TuneSat CEO Scott Schreer, left, and COO Chris Woods

So in 2009, he and business partner and composer Chris Woods launched TuneSat, a startup that uses digital technology to monitor satellite TV signals from around the world and keep track of how music is being used in theme songs, advertisements, background soundtracks and other broadcast situations. Schreer is CEO and Woods is COO of the company. The value of the new Big Data driven part of

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his business has the potential to eclipse revenue from the core business of composing and producing music.

Beyond that, they say TuneSat may help disrupt the performing rights business, an industry with \$2 billion in revenue in U.S. and \$9 billion worldwide, by putting powerful algorithms directly in the hands of copyright owners that allow them to scour and analyze the use of their work across the entire national TV market. A web-based application allows subscribers to access TuneSat's servers and its proprietary analytic tools, in the process allowing them to bypass traditional royalty rights organizations, if they choose.

The technology takes an audio "fingerprint" of each composition, identifying and remembering the unique audio characteristics that define each musical recording. The system can take the fingerprint of any musical recording as long as it is at least three seconds long. It's also capable of fingerprinting "dirty" sound files, or those in which the music is buried beneath other layers of sound, such as dialogue or ambient noise. "With TuneSat, we are looking to solve a global problem. We know we can fix this," says Schreer.

He and Woods run a custom music production company called NJJ and a broadcast music library called Freeplay. They operate from the a small studio on the 10th floor of an old office building at 1650 Broadway, above the Iridium jazz club. It's just two blocks from the Brill Building, where songwriters such as Burt Bacharach and Jerry Leiber and Mike Stoller plied their trade. Some of the songwriters responsible for the the Brill Building sound actually worked at 1650.

The operation may feel more like Tin Pan Alley than Silicon Valley, but Schreer and Woods say TuneSat's technology is cutting edge. The software algorithm that drives its audio recognition technology was developed by French software engineer Sylvain Demongeot, who wrote the programs Data Rescue, Tunatic and Ask the DJ. Schreer and Woods acquired his audio recognition software, and made him a founding partner and chief technology officer at TuneSat. The startup, which is privately held, won't release financial details. However, it did raise \$6 million in funding last spring in a round led by General Electric Pension Trust.

The technology works like this: TuneSat has a data center in a massive former Port Authority building on Eighth Avenue, which Google acquired for \$1.9 billion in 2010. That site allows TuneSat servers to monitor all nationwide satellite and cable TV signals in the U.S., as well as music that is streamed on the Web. They compare the audio components of those streams to the 14 million pieces of music in the TuneSat library.

Songwriters, music publishers and other rights owners can subscribe to the TuneSat service, which starts at \$10 a month to monitor the performance of 10 songs. They can log onto the TuneSat website to get real time reports on where their music is being played—the network and show or advertisement, the duration of the performance, and more.

Cassie Lord, one early TuneSat user, says the service has helped her business in several ways. She is the founder of 5 Alarm Music, a company in Pasadena that represents music copyright holders and provides music rights for use in TV, film and other venues. Her company, which is now owned by the music publishing giant Imagem, in turn, is a member of organizations such as ASCAP and BMI, which are supposed to keep track of performances and her royalties to her clients.

"In the old days, if a performance wasn't reported, no one caught it. It really was impossible to know what music appeared in TV or films," she said. "With the invention of TuneSat, I now have the ability to monitor 150 satellite networks in real time," she said.

"It has changed the industry, because now I can be proactive. It's a double check for

everyone—music users and performing rights organizations,” she said.

Furthermore, performing rights organizations such as ASCAP and BMI only monitor the public performance of music. They don’t monitor synchronization rights, which include other uses of music, such as corporate and other private productions. Lord says TuneSat gives her a new tool to monitor and enforce synch rights, a big part of her business.

Lord says she thinks there will always be a role for performing rights organizations, because copyright holders don’t have the resources to strike direct agreements with everyone who wants to use their music.

But TuneSat is looking to form its own direct relationship with music publishers, which Schreer says over time could have a disruptive effect on the publishing rights organization business. “TuneSat is the future for performance licensing and royalty collection—it allows every rights holder real time global access to their TV and web performances and the ability to become their own PRO in a sense if they so chose,” he says. Schreer says fingerprinting technology will give songwriters a new level of business intelligence as well — allowing them to see just what is selling, in real time.

TuneSat struck a partnership in 2010 with Vivendi’s Universal Music Publishing Group, the largest music publisher in the world, to monitor the use of UMPG’s material on U.S. broadcast TV. TuneSat also has struck a music monitoring partnership with SESAC, a smaller PMO that operates in the U.S. in the market with ASCAP and BMI.

ASCAP said it sees a role for “dirty audio” fingerprinting of music, but mostly as a supplement to its own set of techniques for monitoring the performance of music.

ASCAP, a non-profit organization, in a statement to CIO Journal, said that the cooperative “has always sought the best technology partners to enhance our services to members. We do see a role for dirty audio fingerprinting technology and we are currently testing companies that appear to meet our high bar in terms of accuracy.” A spokeswoman said ASCAP is testing fingerprinting technology from two startups, Soundmouse and BMAT. “Although recently invited to do so, TuneSat is not currently testing with us,” ASCAP said. TuneSat said it did not receive such an invitation from ASCAP or turn one down, either.

“Fingerprint technologies...are valuable as a tool, but only when combined with other methodologies. There are inaccuracies inherent in digital technologies with false identification, missed detections and inconsistent recognitions, and there needs to be a system of checks and balances,” Alison Smith, senior vice president for performing rights at BMI, told CIO Journal in an email. She oversees royalty distributions and writer and publisher administration.

TuneSat says the performing rights process dominated by ASCAP and BMI in the U.S. is riddled with inaccuracies. Schreer says that according to TuneSat’s own research, as much as 80% of music on TV goes unreported to the performing rights organizations. ASCAP and BMI said that claim was false.

“This is certainly not true in respect to ASCAP. We have complete and accurate data about the vast universe of TV performances,” ASCAP said in a statement to CIO Journal.

Lord, of 5 Alarm Music, said that in her experience, it wasn’t true that 80% of music performances on TV were unreported. But she said that her investment in a TuneSat subscription had paid off. “I will say this. In some years, the additional revenue we are taking in as a result of TuneSat is triple the cost of the subscription to the service,” Lord said.

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3:08 pm June 17, 2012

SHEER wrote:

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royalties was receive by the publisher, It was reported in an article.



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